

## **REMARKS:**

Claims 1-19 are pending in the present.

Claims 1-19 stand rejected under 35 U.S.C. § 103(a) over U.S. Patent No. 5,377,095 to Maeda et al. ("Maeda"). However, because Maeda fails to disclose or suggest all of the limitations of claims 1-19, Maeda cannot render these claims obvious.

It is respectfully pointed out that the standards set forth by the MPEP require that all of the limitations of the claim must be taught or suggested by the prior art in order to establish a *prima facie* case of obviousness:

To establish *prima facie* obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art. *In re Royka*, 490 F.2d 981, 180 USPQ 580 (CCPA 1974). "All words in a claim must be considered in judging the patentability of that claim against the prior art." *In re Wilson*, 424 F.2d 1382, 1385, 165 USPQ 494, 496 (CCPA 1970).<sup>1</sup>

Thus, in order for Maeda to render claims 1-19 obvious, Maeda must teach or suggest all the limitations of claims 1-19.

It is first noted that the Office Action alleges the following to be "well known in the art," thereby essentially taking Official Notice:

- A prorated value being calculated on a component by calculating the difference between a product price and a value of the product's other components;
- Determining a size Q of an order; selecting a set of order points during a time horizon, each order point having a least time LT to the next order point; for a first point, calculating an incremental production quantity as Q/LT; and
- Calculating an asking price for each of the products as the difference between its expected revenue from successive available capacities.

Applicant hereby traverses the taking of Official Notice that the claim limitations associated with the list above are well known in the art because the asserted facts are not supported

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<sup>1</sup> MPEP § 2143.03.

by documentary evidence and appear to be the Examiner's opinions formulated using the present application as a template, which constitutes impermissible use of hindsight.

"Official Notice without documentary evidence to support an examiner's conclusion is permissible only in some circumstances. While 'official notice' may be relied upon, these circumstances should be rare when an application is under final rejection or action under 37 C.F.R. 1.113. Official notice unsupported by documentary evidence should only be taken by the examiner where the facts asserted to be well-known, or to be common knowledge in the art are capable of instant and unquestionable demonstration as being well-known. As noted by the court in *In re Ahlert*, 424 F.2d 1088, 1091, 165 USPQ 418, 420 (CCPA 1970), the notice of facts beyond the record which may be taken by the examiner must be 'capable of such instant and unquestionable demonstration as to defy the dispute'(citing *In re Knapp Monarch Co.*, 296 F.2d 230, 132 U.S.P.Q. 6 (C.C.P.A. 1961))." MPEP § 2144.03(A) (emphasis in original).

"It would not be appropriate for the examiner to take official notice of facts without citing a prior art reference where facts asserted to be well known are not capable of instant and unquestionable demonstration as being well-known." MPEP § 2144.03(A) (emphasis in original).

The Office Action provides no documentary evidence to support the Official Notice taken by the Examiner, yet the asserted facts are not capable of "instant and unquestionable" demonstration as being well-known. Thus, if the Examiner continues to maintain the rejection of the present claims based on the Official Notice, the Applicant requests that the Examiner provide documentary evidence as stated in Section 2144.03 of the MPEP. Further, if the Examiner is relying on personal knowledge to support the finding of what is known in the art, Applicant requests that the Examiner provide an affidavit or declaration setting forth specific factual statements and explanation to support the finding. (See MPEP § 2144.03(C)).

Applicants further maintain that the presently claims are patentably distinguishable over Maeda.

With respect to claim 1 (as well as claims 2-5, which depend from claim 1), this claim recites:

A computer-implemented method of valuing products, the method being performed using one or more processing units, the method comprising:

using one or more processing units, assigning a price to each of a plurality of products, **each product comprising a plurality of product components;**

using one or more processing units, assigning a demand probability value to each product;

using one or more processing units, **calculating a component value for each component** by performing the following steps:

(a) assuming a beginning value for each component;

(b) for a first component, calculating prorated values, such that for each product using that component, **a prorated value is calculated on that component by calculating the difference between the product price and a value of the product's other components;**

(c) calculating a component value as a function of the prorated values and the probability values;

(d) repeating steps (b) and (c) for all other components;

(e) determining whether the component values converge; and

(f) if any component value does not converge, using the calculated component value as the beginning component value and repeating steps (b) through (e) for that component; and

using one or more processing units, calculating a value for each product, based on the results of the preceding step, by summing the component values of all components of that product.

(Emphasis added) Thus, claim 1 is directed towards a computer-implemented method of valuing products that include a plurality of components. The method includes calculating a component value for each component. Calculation of the component values includes calculating prorated values for each component by calculating a difference between the product price and a value of the product's other components. However, these limitations are not disclosed or suggested by Maeda.

Maeda is directed towards a system for predicting the sale of an item for varying prices, including in at least one embodiment generating a proposed optimum price. For example, the fifth embodiment discussed from col. 11, line 56 to col. 12, line 55 with reference to Figs. 29 to 32 includes a process for calculating a price at which profits are

most likely to be maximized. The process is summarized in the flowchart shown in Fig. 29, with step 4004 being detailed in Fig. 30. The steps outlined in Fig. 29 basically involve retrieving registered data for a sale item, calculating some coefficients for a number of different functions using the retrieved data, selecting an optimum function based on the calculated coefficients, and then determining a price at which profits are maximized using the selected function. The price is determined according to the steps outlined in Fig. 30. The registered data mentioned above includes upper and lower price limits. The process shown in Fig. 30 starts with the price defined by the lower price limit, and then cycles through the price range defined by the upper and lower price limits at some predetermined interval (e.g., every \$0.10). Sales and profits are predicted for each interval price in the price range, storing each profit in a table. Once the process has cycled through all of the interval prices, the price associated with the maximum profit is selected and output in a format as shown in Fig. 32.

In contrast, the invention recited in claim 1 cycles through components of a product. For example, for each component of a product having a plurality of components, a beginning value is assumed, a prorated value is calculated (which includes calculating a difference between the product price and a value of the product's other components), and a component value is calculated. Maeda fails to disclose or even suggest these limitations. Therefore, Maeda cannot anticipate or render obvious claim 1, or claims 2-5 which depend from claim 1.

With respect to claim 6 (as well as claims 7-10, which depend from claim 6), this claim recites:

A computer-implemented method of pricing an order for a product based on varying lead times during a specified time period, the method being performed using one or more processing units, the method comprising:  
using one or more processing units, calculating a set of values for a product over a range of available supplies of the product;  
using one or more processing units, **determining a size Q of the order;**  
using one or more processing units, **selecting a set of order points during a time horizon, each order point having a lead time LT to the next order point;**

for a first order point, **calculating, using one or more processing units, an incremental production quantity as  $Q/LT$** , and calculating revenue displaced by the incremental production quantity using the product values;

**repeating the preceding step for each other order point;**

calculating, using one or more processing units, an average displaced revenue; and

calculating, using one or more processing units, the price for the order, using the results of the preceding step.

(Emphasis added) Thus, claim 6 is directed towards a computer-implemented method of pricing an order that involves varying lead times. The method includes determining a size  $Q$  of the order, selecting a set of order points, each having a lead time  $LT$  to the next order point, then calculating an incremental production quantity  $Q/LT$  for each order point.

However, these limitations are not disclosed or suggested by Maeda. For example, the portion of Maeda (Fig. 34 and col. 13, line 48 to col. 14, line 22) cited in the Office Action in connection with claim 6 discloses a process for determining an optimum sales price. The process cycles through a series of discount amounts and predicts sales volume for the different discounts. The data is collected for the different discounts and based on that data an optimum discount is determined. There is no disclosure or suggestion related to determining a size of an order, selecting order points each having a lead time to the next order point, and calculating an incremental production quantity for each order point using the size of the order and the lead time to the next order point. Maeda fails to disclose or even suggest these limitations. Therefore, Maeda cannot anticipate claim 6, or claims 7-10 which depend from claim 6.

With respect to claim 11 (as well as claims 12-15, which depend from claim 11), this claim recites:

A computer-implemented method of pricing make-to-order products, the method being performed using one or more processing units, the method comprising:

using one or more processing units, assigning a demand probability value to each of a plurality of products, each product having an associated delivery time and price;

using one or more processing units, **calculating an expected revenue from the products for at least two available capacities**, the

expected revenue being a function of the demand probability values and the prices; and  
using one or more processing units, **calculating an asking price for each of the products as the difference between its expected revenue from successive available capacities.**

(Emphasis added) Thus, claim 11 is directed towards a computer-implemented method of pricing make-to-order products. The method includes calculating expected revenue from the products for at least two available capacities, and calculating an asking price as the difference between the expected revenue from successive available capacities.

However, these limitations are not disclosed or suggested by Maeda. For example, the portion of Maeda (Fig. 30 and col. 12, lines 20-50) cited in the Office Action in connection with claim 11 discloses a process for calculating a price at which profits are most likely to be maximized. The process is summarized above in connection with claim 1. However, this process does not include calculating expected revenue for at least two products, and then calculating an asking price as the difference between the expected revenue from successive available capacities. Maeda fails to disclose or even suggest these limitations. Therefore, Maeda cannot anticipate claim 11, or claims 12-15 which depend from claim 11.

With respect to claim 16 (as well as claims 17-19, which depend from claim 16), this claim recites limitations that are similar to those recited in claim 1. It is respectfully submitted that Maeda cannot anticipate or render obvious claim 16 for at least the same reasons discussed above in connection with claim 1.

For the reasons set forth herein, the Applicant submits that claims 1-19 are not rendered obvious by Maeda. The Applicant further submits that claims 1-19 are in condition for allowance. Therefore, the Applicant respectfully requests that the rejection of claims 1-19 be reconsidered and withdrawn, and that claims 1-19 be allowed.

#### **The Legal Standard for Obviousness Rejections Under 35 U.S.C. § 103:**

To establish a *prima facie* case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or

in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations. The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and not based on applicant's disclosure. *In re Vaeck*, 947 F.2d 488, 20 U.S.P.Q.2d 1438 (Fed. Cir. 1991); M.P.E.P. § 2142. Moreover, all the claim limitations must be taught or suggested by the prior art. *In re Royka*, 490 F.2d 981, 180 U.S.P.Q. 580 (CCPA 1974). If an independent claim is nonobvious under 35 U.S.C. § 103, then any claim depending therefrom is nonobvious. *In re Fine*, 837 F.2d 1071, 5 U.S.P.Q.2d 1596 (Fed. Cir. 1988); M.P.E.P. § 2143.03.

With respect to alleged obviousness, there must be something in the prior art as a whole to suggest the desirability, and thus the obviousness, of making the combination. *Panduit Corp. v. Dennison Mfg. Co.*, 810 F.2d 1561 (Fed. Cir. 1986). In fact, the absence of a suggestion to combine is dispositive in an obviousness determination. *Gambro Lundia AB v. Baxter Healthcare Corp.*, 110 F.3d 1573 (Fed. Cir. 1997). The mere fact that the prior art can be combined or modified does not make the resultant combination obvious unless the prior art also suggests the desirability of the combination. *In re Mills*, 916 F.2d 680, 16 U.S.P.Q.2d 1430 (Fed. Cir. 1990); M.P.E.P. § 2143.01. The consistent criterion for determining obviousness is whether the prior art would have suggested to one of ordinary skill in the art that the process should be carried out and would have a reasonable likelihood of success, viewed in the light of the prior art. Both the suggestion and the expectation of success must be founded in the prior art, not in the Applicant's disclosure. *In re Vaeck*, 947 F.2d 488, 20 U.S.P.Q.2d 1438 (Fed. Cir. 1991); *In re O'Farrell*, 853 F.2d 894 (Fed. Cir. 1988); M.P.E.P. § 2142.

A recent Federal Circuit case makes it clear that, in an obviousness situation, the prior art must disclose each and every element of the claimed invention, and that any motivation to combine or modify the prior art must be based upon a suggestion in the prior art. *In re Lee*, 61 U.S.P.Q.2d 1430 (Fed. Cir. 2002). Conclusory statements regarding

common knowledge and common sense are insufficient to support a finding of obviousness. *Id.* at 1434-35.



**CONCLUSION:**

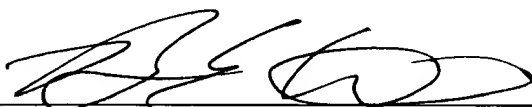
In view of the foregoing remarks, this application is considered to be in condition for allowance, and early reconsideration and a Notice of Allowance are earnestly solicited.

No fees are believed to be incurred by the filing of this Response. However, if a fee should be required, the Director is hereby to charge any such fee to Deposit Account No. **500777**. If an extension of time is required and there is no separate Petition for Extension of Time filed herewith, this document is to be construed as also constituting a Petition for Extension of Time Under 37 C.F.R. § 1.136(a) for a period of time sufficient to enable this document to be timely filed. Any fee required for such Petition for Extension of Time should be charged to Deposit Account No. **500777**.

**Please link this application to Customer No. 53184 so that its status may be checked via the PAIR System.**

Respectfully submitted,

5 JAN 2006  
Date



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